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## WHY TEACH SOCIAL SECURITY?

Social Security affects everyone, directly or indirectly. Virtually every working American pays Social Security taxes. And one in six Americans receives monthly Social Security benefits.

Yet, Social Security is probably one of the least understood programs in the country. Most people, including students, tend to think of it in terms of retirement, something for the distant future. They are unaware that the program pays important survivors and disability benefits to workers and their families. Or they think disability and premature death are calamities that happen only to other people. In fact, one out of every four female students and one out of every three male students will become severely disabled or die before reaching retirement age. Nearly 28 percent of current Social Security beneficiaries are under age 62.

It is important for people to have a basic understanding of Social Security. They should know what it is, how it works, and how it may help them at various stages in life. Social Security should play a key role in a person's financial planning. It can be the basis for financial security for growing families and for future retirement. It's never too early to start thinking about this.

If you need more information or materials on Social Security, please get in touch with your Social Security office. The people there will be glad to help you.

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## WHAT IS "SOCIAL SECURITY AND YOU"

"Social Security and You" is a set of materials for high school students that explains the Social Security system. It consists of five lessons plus an overview lesson that may be taught as a separate session. To support the lessons, a 25-minute videotape, factsheets and student handouts, and quizzes are included. The handouts are in large print suitable for use as blackline masters for transparencies or overhead projectors.

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## WHO CAN USE "SOCIAL SECURITY AND YOU"

"Social Security and You" is designed to be used in secondary schools (grades 9 through 12) and is geared to the interest level of young people about to enter the workforce. It may also be useful for adult education classes. It is designed to help students develop a base of knowledge essential for decision-making in today's society and to acquire the skills necessary for successful living.

At the same time, because Social Security is such an integral part of the social, economic, and political development of contemporary America, the course becomes a useful vehicle for study in a broad range of areas. Teachers of social studies, history, government, economics, civics, consumer education, home economics, and vocational/technical education will find "Social Security and You" relevant to these curriculums.

## SUGGESTIONS FOR USE

The materials may be used as a whole or in part, depending on classroom needs. Each of the five lessons is designed to stand alone, with its own list of objectives and instructional aids. Each lesson is designed to be covered in one to two 45-minute class sessions. The overview contained in this guide is designed to be taught in one class session.

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### LESSON PLANS

The lesson plans contain sufficient material to permit the instructor to lead a discussion on the major points, with appropriate references to the factsheets, videotape, and other instructional aids.

Each major point is numbered. Extended exercises are provided for classes that wish more indepth study of a topic.

The length of the lesson depends on the teaching strategy used. For example, by assigning the factsheets for pre-class reading and relying mostly on a teacher-lecture strategy, it is possible to achieve the objectives of a lesson plan within a single class period. One-hour sessions may also be held by using one of the student-centered strategies suggested below to present a lesson, e. g., student presentations or debate formats. However, if the alternative exercise is used in conjunction with the teacher-lecture, the lesson is likely to cover as much as two sessions.

If a teacher is unable to use all five lessons and still wants to use more than the overview lesson, it should be noted that some of the lessons are more appropriate for certain courses than others. The lessons on history and basic principles of Social Security (Lessons I and II) will fit well into history and social studies classes; financing (Lesson III) for government, social studies, economics, and civics classes; and benefits and financial planning (Lessons IV and V) for home economics, civics, consumer education, and similar life-skills courses. Although Lessons IV and V are structured to stand alone, a lesson on financial planning is clearly more instructive following a lesson on Social Security benefits.

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### FACTSHEETS

Pre-class reading is necessary for effective student participation in the classroom discussion. The factsheets should be duplicated and given to the students before the class, and the students should use them for reference during classroom discussion.

Each factsheet is based on an objective stated in the lesson plan. Thus, Lesson Plan I, with two objectives, includes two factsheets. You may use the factsheets as a reference from which to teach and as a text for students to use for pre-class reading and classroom discussion.

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## KEY TERMS

The listing of key terms in the individual lesson plans may be assigned as pre-class reading, reviewed at the beginning of the class, and for reference during class discussion.

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## SELECTED REFERENCES

Included in this guide is a listing of pamphlets and books that may be used for additional reading. The materials are listed according to the lesson they most support, but most of the materials are useful across the board. These materials are available from the Social Security office, or from your library as indicated. The Social Security publications are especially useful for updated benefit and tax figures.

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## HANDOUTS

The key points of the lessons are listed on reproducible handouts suitable for use as black line masters for transparencies. Alternatively, the key points may be listed on the chalkboard as they are identified during classroom discussion. The key points handouts may also be used with an opaque projector.

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## VIDEOTAPE

The videotape provides an introduction to Social Security. It presents a basic idea of how the program impacts the lives of people, including young people. It is summarized below.

### *SOCIAL SECURITY: THE REAL STORY*

Members of a band composed of high school students saving money from part-time jobs to make a demo find the deductions from their checks to be a stumbling block. They decide to start a movement to abolish Social Security, partly as a publicity stunt to promote their band, partly a serious effort to mobilize public opinion against the program. They run into personal difficulties as they find that members of their families and friends are collecting Social Security or counting on it as part of their financial planning. A stranger in a wheelchair challenges their knowledge of what Social Security is all about and the scope of protection it provides. A grandfather describes what it was like living during the Great Depression and the promise that the passage of the Social Security Act meant to millions of Americans. An older sister discusses how

Social Security is part of her husband's financial plan for their family's future. A schoolmate tells what Social Security benefits mean to her since her father died. A teacher describes the financial health of Social Security. The band members become aware that everybody has a stake in Social Security and that Social Security is not just for the future ... it's for right now.

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### QUIZ

Each instructional unit includes a quiz that can be used to reinforce the classroom instruction. The quizzes may also be used as a discussion aid.

Note that all materials in "Social Security and You" are designed to be reproduced by users. You are encouraged to make as many copies of print materials and videos as you need. You may also feel free to call any Social Security office for additional materials.

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## SUGGESTED TEACHING STRATEGIES

The materials permit a variety of teaching strategies to accommodate the interest of the students, their skill level, the type of class, and the time available. For example:

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### TEACHER-LECTURE

The materials permit the teacher to lead a discussion on the subject using the handouts. The handouts contain highlights of the lesson plans and are useful in those instances when you wish to emphasize these points.

Each lesson plan also includes an alternative exercise that may be used to accomplish the learning objectives. These exercises are designed to be used in place of the teacher-lecture strategy or in conjunction with it. Use of these exercises alone requires that students read the factsheets before class. It is recommended that, to insure familiarity with the material, you briefly review it before launching the class into the exercise.

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### STUDENT DEBATES

Some of the issues in the material lend themselves to a debate format. Lesson II on the basic principles of Social Security is an example. These principles are basic characteristics of the program and students may develop a greater understanding of how Social Security works by discussing their advantages and disadvantages. Debate issues are also recommended in other lesson plans. If students wish additional reading in preparing for debates, you may use the bibliography.

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## STUDENT TEACHING

Once you have made the point that Social Security affects each of us directly or indirectly, this strategy has the potential for generating a great deal of interest. The following implementation steps are suggested:

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Divide the students into five teams and let each team present a lesson, using the factsheets, handouts, bibliography, and other aids or sources they determine may be useful.

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Show the videotape and present the overview lesson contained in this guide as an introductory lesson.

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Assign a lesson to each team and a date for the presentation.

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Give the team all the teaching materials in the kit for the particular lesson—lesson plan, factsheets, and handouts. Discuss how each instructional aid may be used. Also reproduce the bibliography contained in this guide.

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Review the learning objectives in each lesson plan with each team. Make it clear that the effectiveness of their assignment will be determined by the extent to which these learning objectives are achieved.

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Encourage creativity. Students should be encouraged to use any mode of presentation they wish, and may change any of the materials to meet their needs, including quizzes.

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Have each team develop an evaluation form to pass out at the end of its presentation. The evaluation should permit the class members to give their opinions on whether the presentation was successful in accomplishing its objectives. (Such an evaluation may also be accomplished by a quiz or in conjunction with a quiz.) Discuss the results of the evaluation with the team.

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## BOOK REPORTS

Using the bibliography, assign book reports for extra credit. The book assignment may be related to a specific lesson rather than the entire book, since many of the books are comprehensive and cover many aspects of the program. A book assignment on George E. Rejda's "Social Insurance and Economic Security" may be to report on what Professor Rejda has to say about Social Security financing. Another assignment would cover what he (or another authoritative source) has to say about the history of Social Security. Book reports may be delivered in class to augment classroom discussion.

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## FIELD TRIPS

Schedule a trip to a Social Security office. Visit a congressional representative to discuss Social Security financing issues.

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### GUEST SPEAKERS

Invite a Social Security representative to respond to questions you have been unable to answer. Invite several retired persons for a panel on how they used Social Security to plan their retirement, what Social Security means to them, and other insights they may be able to provide about how the program affects their lives. Invite a member of Congress (or his/her staff) to address the class on Social Security financing issues the Congress has dealt with in recent years.

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### STUDENT PAPERS

Have students write papers on a Social Security topic of their choice selected from these materials. Encourage them to use live sources, such as interviews with a Social Security manager, a congressional representative, a person about to retire or a current retiree.

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## OVERVIEW OF “SOCIAL SECURITY & YOU”

The overview is essentially a summary of the five lesson plans and is designed to provide a capsule view of the subject matter covered.

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### LESSON 1 HISTORY

TOWARD THE GENERAL WELFARE...  
SOCIAL SECURITY FROM THE DEPRESSION TO TODAY.

### PURPOSE

This session is designed to provide information on how Social Security originated, the needs it was designed to meet, and why it is important today.

### OBJECTIVES

Students, at the conclusion of this session, will be able to:

- 
1. Describe the conditions leading to the passage of the Social Security Act and the problems the Act was designed to address.
  2. Explain the major changes in the program resulting in today's Social Security program.
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## MAJOR POINTS COVERED

The major points made in the lesson are as follows:

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Social Security resulted from lessons learned from the Great Depression:

Need for support for the aged.

Family no longer able to protect itself from external economic forces in an industrialized society.

Only limited state programs and private charity existed to help the elderly, widows, and orphans.

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Social Security Act passed August 14, 1935, as the first federal effort to cope with poverty and economic insecurity. It consisted of:

Unemployment Insurance

Public Assistance

Old-Age Benefits

Public Health Programs

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The program has grown to meet changing needs:

1939 Survivors and dependents insurance

1956 Disability insurance

1965 Medicare

---

While all of these programs still exist today, the Old-Age, Survivors and Disability programs became known as Social Security. The health insurance program is known as Medicare and is administered by the Health Care Financing Administration.

In 1972, the state-administered public assistance programs for the aged, blind, and disabled were transferred to the federal government under the Social Security Administration. The resulting federal program, Supplemental Security Income (SSI), provides a nationwide, uniform floor of income protection for people 65 and over, or blind, or disabled with limited income and resources. It is funded from federal general revenues, not the Social Security taxes.

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Today, Social Security is the nation's primary means of providing a continuing income to a family when a worker dies, becomes disabled, or retires.



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## LESSON 2

### PRINCIPLES

#### WHAT MAKES SOCIAL SECURITY WORK?

##### PURPOSE

This unit covers the basic principles that underlie the program.

##### OBJECTIVES

At the conclusion of this lesson, the student will be able to:

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Explain five of the basic principles that underlie the Social Security program.

##### MAJOR POINTS COVERED

The following points are covered:

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##### STATUTORY RIGHT

(No needs test) A worker's entitlement to Social Security is based on past work and is a statutory right. There is no test of need.

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##### COMPULSORY

Workers are required by law to participate in the program. If it were not compulsory, those who need it most would be the least likely to replace it with private resources.

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##### CONTRIBUTORY

Social Security is financed primarily from the taxes that workers (and the self-employed) pay, matched by employers. The fact that the program is financed by those who will receive benefits is credited with its widespread public acceptance and support.

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##### WORK-RELATED

Taxes and benefits are related to a worker's level of earnings during working years. In general, the higher a person's earnings, the higher the benefits.

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##### WEIGHTED BENEFITS

The benefit formula is weighted in favor of workers with lower average lifetime earnings. The program also is weighted in favor of workers with families by providing benefits to a worker's family based on his or her work under Social Security.

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## LESSON 3 FINANCING

### WILL SOCIAL SECURITY BE THERE WHEN I'M READY TO RETIRE?

#### PURPOSE

This lesson is designed to help the students understand how the Social Security system is financed to pay benefits now and in the future.

#### OBJECTIVES

Students will be able to:

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Explain how their Social Security taxes are determined.

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Describe how Social Security is financed to pay benefits now and in the future.

#### MAJOR POINTS COVERED

The following points are covered:

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Social Security benefits are financed through taxes from employees, employers, and the self-employed.

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A portion of every dollar earned—up to a certain maximum amount—is deducted from a worker's pay for Social Security. And the money can be used only to pay Social Security benefits and to help run the program. (For current tax rates see Social Security publication, *Understanding Social Security*, available from Social Security by calling 1-800-772-1213.)

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Social Security beneficiaries who have high outside income in addition to their benefits (about 15-20 percent of all beneficiaries) pay income tax on a portion of their benefits to help finance the program.

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There are Social Security trust funds which are accounted for separately in the federal budget. There is a reserve to pay benefits in case of a temporary shortfall in tax income and to help pay future benefits.

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The system functions like a pipeline, with workers paying in one end and beneficiaries receiving at the other. As workers retire, become disabled, or die, they and/or their families move to the receiving end of the pipeline.

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Since 1983, the trust fund reserves have increased in anticipation of more beneficiaries and fewer workers in the next century.

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The buildup of the reserves has raised a public debate about how they should be used. However, the reserves are not a "surplus" because they are designed to help pay benefits in the future.

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## LESSON 4

### BENEFITS

#### WHO CAN GET BENEFITS AND HOW

##### PURPOSE

This segment is designed to give students an understanding of the types of benefits available and how to get them.

##### OBJECTIVES

At the conclusion of this lesson, the student will be able to:

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Name the types of Social Security benefits and how to qualify for them.

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Explain the reasons they need a Social Security number and how to get one.

##### MAJOR POINTS COVERED

The following points are covered:

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Social Security pays monthly cash retirement, survivors, and disability benefits to workers and their families. Medicare, which is administered by the Health Care Financing Administration, provides help with hospital and medical bills to persons 65 or older or with long-term disabilities.

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##### RETIREMENT

Today a worker can draw full retirement benefits at age 65 or a permanently reduced amount as early as 62.

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The age for receiving full benefits will gradually increase to 67 for people who retire in the next century.

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Once a person starts receiving benefits, most other types of retirement income will not affect payments (e.g. savings, investments, private insurance). Only earned income (from working) over a certain annual limit affects retirement benefit payments. The annual limit does not apply to beneficiaries 70 and over. For more details, see the Social Security publication, *Retirement*.

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##### DISABILITY

Disability benefits are paid to workers who suffer a physical or mental condition that prevents them from performing any significant kind of work and is expected to last at least a year or to result in death. This is a more strict definition of disability than that used by some other programs that also pay for partial disability.

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Disability benefits continue as long as a person is disabled and unable to work. They may also continue under certain conditions if a person attempts to work while still disabled until he/she can work on a regular basis. The work does not necessarily have to be the kind of work done before disability—it can be any kind of gainful work found in the national economy.

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Benefits also may be paid to the worker's children under age 18 (or 19 if still in high school) or disabled before age 22 who continue to be disabled, and to a wife or husband caring for children under 16 or disabled. For more details, see the Social Security publication, *Disability*.

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#### SURVIVORS

Unmarried children under 18, or 19 if still in high school, or disabled before 22 who continue to be disabled, may qualify for benefits if a parent dies.

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A widow or widower may also qualify for benefits if she/he is 60, or has the worker's child under 16 or disabled in her/his care, or is disabled at age 50 or later. A divorced spouse may qualify for a benefit if the marriage lasted at least 10 years, or if she/he is caring for the worker's child under 16 or disabled. (See Social Security publication, *Survivors*.)

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#### MEDICARE

Most people 65 or older are eligible for Medicare benefits.

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People receiving disability benefits for 24 months or who suffer permanent kidney failure may also receive Medicare coverage.

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Medicare has two parts: hospital insurance and medical insurance.

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The hospital part of Medicare helps pay the cost of inpatient care and certain kinds of followup care. It is financed by a part of the Social Security tax.

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The medical insurance part of Medicare helps pay the cost of doctors' services, outpatient hospital services, and for certain other medical items and services. It is financed partly from monthly premiums paid by those covered, and partly from general revenues of the federal government.

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#### SOCIAL SECURITY CREDITS

Before a worker can get benefits, he/she must have credit for a certain amount of work under Social Security. The amount of work credits needed varies with the type of benefit and the year at which the worker becomes age 62, or the age he/she becomes disabled, or dies. Under current law, no one will need more than 40 credits for any type of benefit.

A young worker and his/her family have disability and survivors protection after the worker has worked under Social Security for at least a year-and-a-half (six credits). For retirement benefits, no one will need more than 10 years of work (40 credits).

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A credit of work is based on a specified amount of earnings which increases each year with increases in general wage levels. A worker earns a maximum of four credits a year. The earnings and work credits are recorded under the worker's name and Social Security number in a lifetime earnings record in Social Security computers.

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#### AMOUNT OF BENEFITS

The amount of the benefit is based on the worker's average annual earnings over his/her working life. In general, the higher the earnings, the higher the benefit.

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Benefits increase annually with increases in the cost-of-living.

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### LESSON 5

## FINANCIAL PLANNING

### USING SOCIAL SECURITY IN PLANNING FOR THE FUTURE

#### PURPOSE

This session is designed to help students understand how to use Social Security in financial planning.

#### OBJECTIVES

At the conclusion of this lesson, students will be able to:

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Identify the form needed to get a benefit estimate and how to use it in financial planning.

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Identify the major facts they need to know about Social Security in order to use it effectively in financial planning.

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#### MAJOR POINTS COVERED

The following points are covered.

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The key to financial security is planning; planning that sets goals a person wants to achieve and minimizes risks a person can expect in life.

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Social Security is important in financial planning because it helps provide protection against the risks to economic security a worker is most likely to incur—lost earnings due to retirement, death, or disability.

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Social Security does not do it all. It provides a base on which people can build financial security for themselves and their families through savings, investments, earnings, insurance, and other means.

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To use Social Security in financial planning, a person needs to know:

1. How much a worker and his/her family can expect from Social Security in retirement, disability, or survivors benefits. Social Security is designed to replace a portion of the earnings a person loses as a result of retirement, death, or disability:

Low wage earner	60 percent
Average wage earner	42 percent
High wage earner	26 percent

2. How other income affects Social Security benefits. In general, other types of retirement income—pensions, savings, investments—do not affect Social Security benefits. There is a limit on how much earnings a person can have and still collect benefits, however. In addition, another government pension may cause Social Security retirement benefits to be reduced. Workers' compensation and disability benefits from other public programs may affect disability benefits.

3. How Social Security relates to private pensions. In general, pensions from private insurance will not affect Social Security benefits. Note that many employers count Social Security benefits in setting the level of their pension plan benefits.

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Retirement planning is an important part of financial planning. It should start as early as possible.

A person should start early to build additional sources of income to supplement Social Security, such as savings, private insurance, a pension, stocks and bonds, rental income, IRA (Individual Retirement Account), and other investments.

You can get a *Personal Earnings and Benefit Estimate Statement* (PEBES) from Social Security that will tell you how much you can expect from Social Security at retirement, or if you become disabled or die. It will also show the earnings credited to your record and the estimated Social Security taxes paid. The form can be requested from the Social Security office.

# OVERVIEW LESSON

## PURPOSE

The following lesson is designed for teachers who have only a single class period to devote to teaching Social Security. It focuses on the video and provides three discussion topics around the major questions dealt with in the course. Such an arrangement is not recommended, since it is not possible to deal with the important questions that are bound to emerge in any discussion of Social Security in a 45-50-minute session. You may find it useful to use the overview as an introductory lesson while focusing on one or more of the other five lessons for more indepth information. Since each lesson is designed to be self-sufficient, any one of them may serve as a single unit geared to your particular class. If the overview is used as the sole lesson, the quiz should be assigned for homework.

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## OBJECTIVES

At the end of this session, students will be able to:

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List the benefits that Social Security pays and who can get them.

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Explain how to get information from Social Security for financial planning.

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Describe how Social Security is financed to pay benefits now and in the future.

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## MATERIALS

Video

Factsheet #1 from Lesson I

Factsheet #1 from Lesson III

Factsheet #1 from Lesson IV

Factsheet #1 from Lesson V

(Factsheets may be used for pre-class reading, or handed out at the end of class as a basis for homework assignments.)

Handout: "Social Security Facts and Figures"

Quiz

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## OPENING THE LESSON

State the objectives of the lesson.

Ask one or more of the following questions:

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How many students have a Social Security number? Ask them what they use it for. (Answers will probably include part-time job; bank account; tax purposes.)

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Ask female students to stand and form groups of four and male students to form groups of three. Have one student in each group sit down. (Accept volunteers.) Then state that one out of four females will become severely disabled or die before reaching retirement age and one out of every three males will become disabled or die before retirement age. Show videotape: "Social Security: The Real Story."

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## DEVELOPING THE LESSON

Ask the students, based on the information from the videotape, how something like the Great Depression would affect workers and their families if it happened today.

How would the scene that Grandpa described have been different?

How would it affect the elderly? Widows? Disabled people?

Orphans? Discuss each of the characters in the videotape who was receiving benefits or who expected to receive benefits (Sharon, Grandpa, Jenna, person in wheelchair.) On what basis did they qualify, or expect to qualify, for benefits?

Do they find it surprising that young people like Sharon could qualify for benefits?

Do they know anybody receiving Social Security benefits? What kind?

Discussion should focus on the difference that Social Security makes, e.g., that Social Security provides protection for individuals and families that did not exist at the time of the Great Depression.

Discussion should identify who can get benefits, types of benefits paid, effect of benefits on individual and family economic security.

You may use Factsheet #1 from Lesson I and Factsheet #1, from Lesson IV for this discussion.

Ask the students whether they think Social Security will be around for them when they retire in the distant future. Have them give reasons for their opinion.

Do they feel better knowing that the Social Security trust funds are building up reserves for the future? What is their reaction to Mr. Smoot's description of the financial health of Social Security? What is the purpose of projecting the condition of the Social Security system into the future? (Students should understand that



the projections are used to alert the Congress to adjust the system to meet changing needs; the projections should be viewed as a fire alarm, not a fire; as a warning, not a threat. The students will have ample time to write “the bottom line” for their generation as they become involved as citizens in the responsibilities of government.)

Discussion should focus on the buildup of the trust fund reserves and how they are supposed to be used. Factsheet #1 from Lesson III should be helpful.

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## CONCLUDING THE LESSON

Discuss the *Personal Earnings and Benefit Estimate Statement* (PEBES). Note that Jenna, Kara’s older sister, had referred to it in the video. Note that workers may get a copy of the statement by calling Social Security and asking for a Form 7004, and sending the form to the address on the back. A *Personal Earnings and Benefit Estimate Statement* should arrive within weeks. Note that the front of the statement contains information on the earnings a person has credited to his/her Social Security record over the years and the benefits payable on those earnings at retirement, death, or disability. The back contains general information on Social Security. Discuss how a person would use this information in financial planning. Refer to Factsheet #1 from Lesson V.

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Pass out the quiz and instruct students to complete it as a homework assignment.

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Give out factsheet, “Facts and Figures About Social Security.” Explain that it contains interesting statistics on Social Security and some of the facts discussed in the class.

In order to improve these materials and make them more suitable for your classroom needs, we need to hear from you. Write and let us know about your experience with the kit, to:

Teacher’s Kit  
Social Security Administration  
P.O. Box 17743  
Baltimore, Maryland 21235  
FAX 410-965-0696

# QUIZ

## SOCIAL SECURITY & YOU

Select the answer that best answers the question or completes the statement.

1. If one of your parents retired today, who in your family could qualify for Social Security benefits?
  - A. All children under 18, the spouse age 62.
  - B. Your grandparents, under certain conditions.
  - C. Your mother or father (surviving parent) if she/he is 60 or older.
  - D. All of the above.

---
2. If you are under 18 and became disabled today, what type of Social Security benefit could you qualify for?
  - A. If the disability continued past age 22, you could receive benefits as an adult disabled child once a parent started receiving Social Security retirement or disability benefits, or dies.
  - B. Survivors benefits
  - C. Retirement benefits
  - D. Medicare

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3. If one of your parents dies, what type of benefit could you receive if you are under 18?
  - A. Retirement benefits
  - B. Survivors benefits
  - C. Disability benefits
  - D. No benefits

---
4. The role that Social Security is designed to play in the lives of families can best be described as follows:
  - A. To provide a continuing income when a breadwinner is unable to do so because of retirement, disability, or death.
  - B. To fund government family programs.
  - C. To pay for benefits for the older members of the family.
  - D. To provide for the future of our nation.

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5. How would you go about getting an estimate today of the benefits you would get from Social Security at retirement, or if you should become disabled, and for your survivors, should you die?
  - A. Ask your minister to call Social Security for you
  - B. Ask your employer
  - C. Call Social Security for a "Personal Earnings and Benefit Estimate Statement"
  - D. Call your doctor

6. Social Security benefits are financed mostly by:
- A. Payroll taxes paid by employees, employers, and the self-employed.
  - B. The Internal Revenue Service.
  - C. The income tax.
  - D. Worker's compensation taxes.
- 

7. Why is it necessary for you to know about Social Security before you need it?
- A. You need to know what you've got coming from Social Security so that you build on it for full retirement income.
  - B. You need to include Social Security in your planning for the future.
  - C. Half of the security that Social Security provides is from knowing the protection is there.
  - D. All of the above.
- 

8. If you lost your Social Security card, what should you do?
- A. Call Social Security for a new one.
  - B. Take your number from an old document and continue to use it.
  - C. Don't worry about it.
  - D. Ask your employer for the number.
- 

9. Among the ways Social Security changes to meet changing conditions are:
- A. Benefits automatically increase with the cost of living and wages are indexed to reflect increases in wage levels over your working life.
  - B. The wage base rises as wage levels rise, assuring new income into the trust funds without legislating changes in the tax rate.
  - C. Annual review by the Board of Trustees assures that any problems will be identified in time to take sufficient action.
  - D. All of the above.
- 

10. What is the best guarantee you have that Social Security will be there for you when you are ready to retire in the future?
- A. The program is backed by the full faith and credit of the U.S. government.
  - B. The program affects too many people for the government to let it die.
  - C. The program is backed by the votes of older people, who tend to vote.
  - D. All of the above.

# QUIZ/ANSWER SHEET

## SOCIAL SECURITY & YOU

- |    |   |     |   |
|----|---|-----|---|
| 1. | A | 6.  | A |
| 2. | A | 7.  | D |
| 3. | B | 8.  | A |
| 4. | A | 9.  | D |
| 5. | C | 10. | D |

## SELECTED REFERENCES

### SOCIAL SECURITY ADMINISTRATION PAMPHLETS

There are several publications available from Social Security offices that are especially useful if you need additional information. One publication, *Understanding Social Security*, provides an overview of Social Security programs and contains current tax rates and benefit amounts. Other publications focus on specific programs, and are entitled *Retirement*, *Survivors*, *Disability*, *Medicare*, and *SSI*. You can get copies from any Social Security office by calling 1-800-772-1213.

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### GENERAL

#### SOCIAL SECURITY ADMINISTRATION PUBLICATIONS

The following publications can be ordered from the Superintendent of Documents, U.S. Printing Office, Washington, D.C. 20402.

*Social Security Handbook*

Annual Report of the Board of Trustees of the Old-Age and Survivors Insurance and Disability Insurance Trust Funds

Fast Facts and Figures about Social Security

SSA Annual Report to Congress

Social Security Programs in the United States

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#### BOOKS ABOUT SOCIAL SECURITY

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Boston, Little Brown, 1983

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## LESSON 3 FINANCING

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## LESSON 4 BENEFITS

### SOCIAL SECURITY ADMINISTRATION PAMPHLETS (Available by calling Social Security—1-800-772-1213)

*Retirement*

*Survivors*

*Disability*

*SSI*

*Medicare*

*Understanding Social Security*

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# SOCIAL SECURITY FACTS AND FIGURES

## IMPACT OF SOCIAL SECURITY

About 95% of all working people are covered by Social Security. One in six Americans get monthly disability, survivors, and retirement benefits.

The value of just the Social Security survivor protection is worth nearly as much as the face value of all private life insurance in force. Most people 65 and over have help from Medicare in paying medical bills. Medicare has two parts:

1. Hospital insurance helps pay for inpatient hospital care and certain followup care. It is financed from part of the Social Security tax.
2. Medical insurance helps pay for doctor bills and some other services. It is voluntary and is financed from monthly premiums paid by people enrolled for it and from general federal revenues.

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## WHAT IS SOCIAL SECURITY

**FOUR-WAY PROTECTION**—Disability, survivors, retirement, and Medicare health insurance.

**BASE OF INCOME**—Social Security partly replaces lost earned income. People should add to Social Security with savings, pensions, investments, insurance, etc.

**STATUTORY RIGHT**—Benefit rights are defined by law. You do not have to prove need.

**WORK RELATED**—Entitlement to and amount of benefits are related to your work.

**PROTECTION MOVES WITH YOU**—Since most jobs are covered, all Social Security credits earned can count toward benefits, no matter how often you change jobs.

**INFLATION PROTECTION**—Benefits increase automatically as cost of living goes up.

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## HISTORY HIGHLIGHTS

The first Social Security system was Germany's, established in the 1880's. Today most countries have some form of Social Security.

- |        |  |
|--------|--|
| 1935   | The U.S. system started with the Social Security Act of 1935 and gradually grew.         |
| 1937   | The first Social Security taxes were paid, but only six out of ten workers were covered. |
| 1940   | The first monthly benefits were paid to retirees and some family members.                |
| 1950's | Coverage was expanded to include nine out of ten working people.                         |
| 1965   | The Medicare law was enacted which provides hospital and medical insurance.              |

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## SOCIAL SECURITY FINANCING

**SOCIAL SECURITY TAXES**—The taxes from today's workers are used to pay current benefits.

**ADMINISTRATIVE COST**—It is only one percent for monthly benefits. This means 99 cents of each Social Security tax dollar will be used to pay benefits.

**TAX RATE**—Employees, employers, and self-employed people each pay up to a maximum that increases annually into Social Security.

**FINANCIAL STABILITY**—Social Security Amendments of 1983 greatly strengthened program financing. They restored financial stability both in the short-run and in the long-term future.

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## SOCIAL SECURITY NUMBERS

All earnings are recorded under your name and Social Security number on a lifetime record. Future benefits will depend on the accuracy of that record.

Social Security offices have a form you can complete to request a *Personal Earnings and Benefit Estimate Statement*. The statement lists your earnings under Social Security and estimates benefits payable at retirement, death, or disability.

If you don't have a Social Security card, you can apply for one at any Social Security office. You will need proof of age, identity, and citizenship. Apply a few weeks before you need the card.

